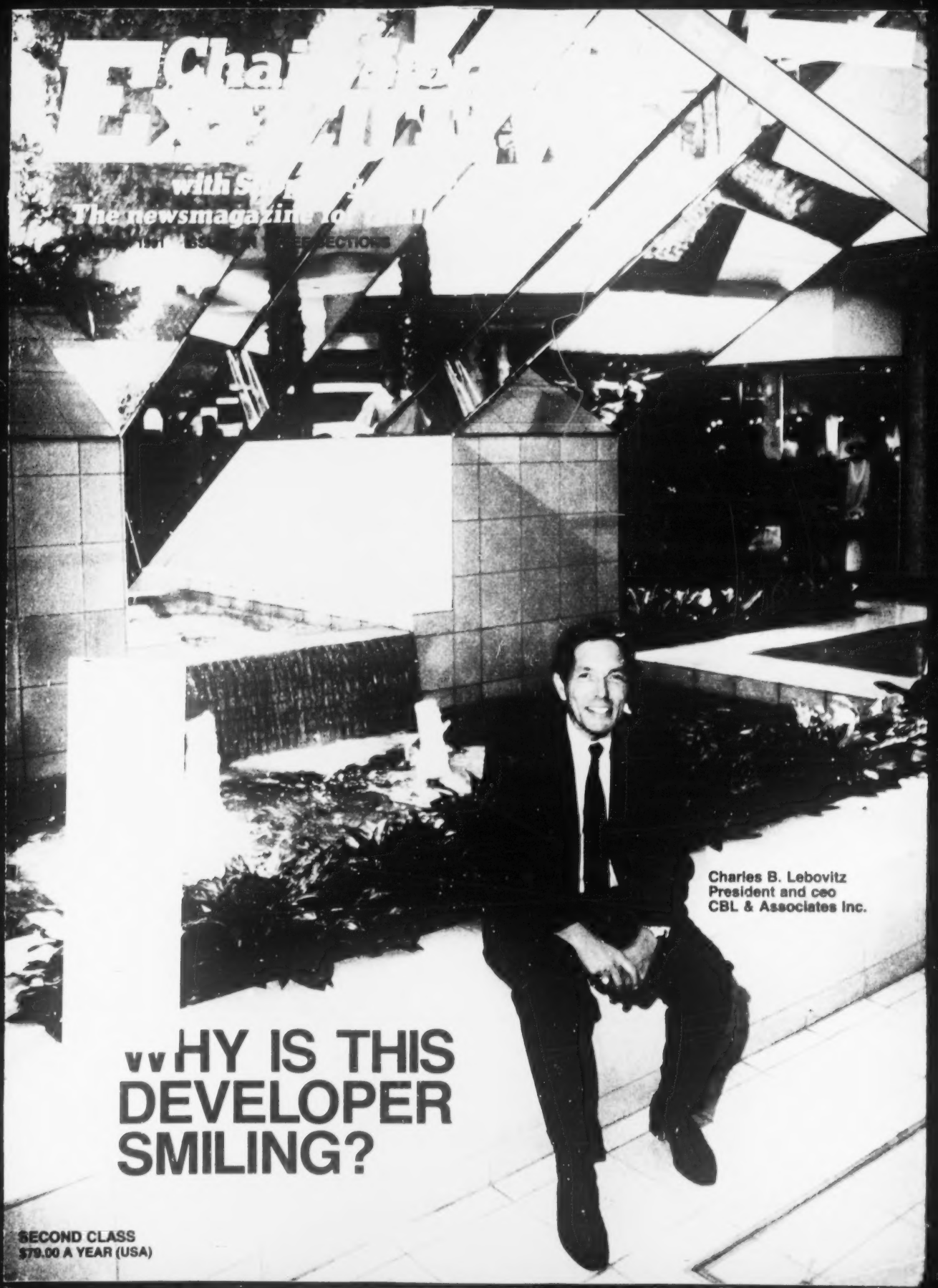

Charles B. Lebovitz
President and ceo
CBL & Associates Inc.

WHY IS THIS DEVELOPER SMILING?

SECOND CLASS
$79.00 A YEAR (USA)

Chain Store Age Executive Vol. 67, No. 11/November 1991

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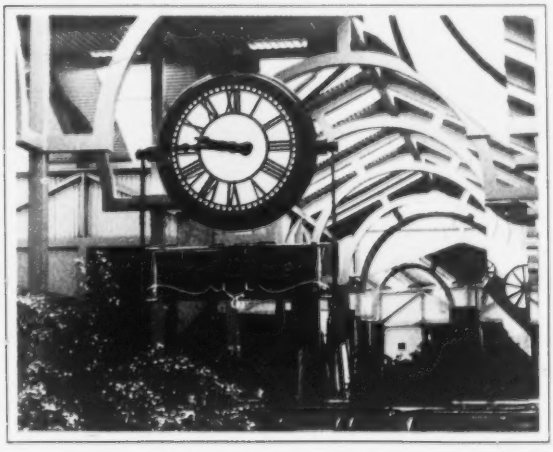

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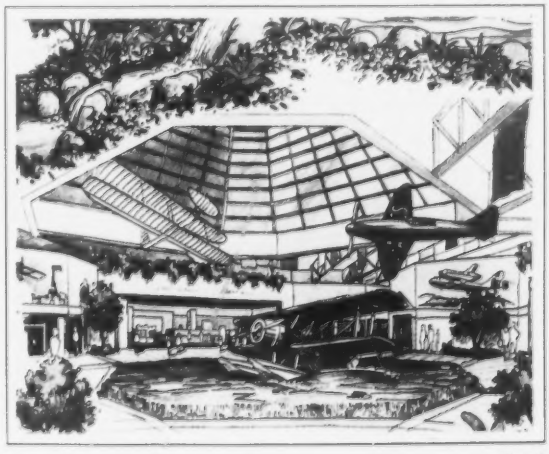

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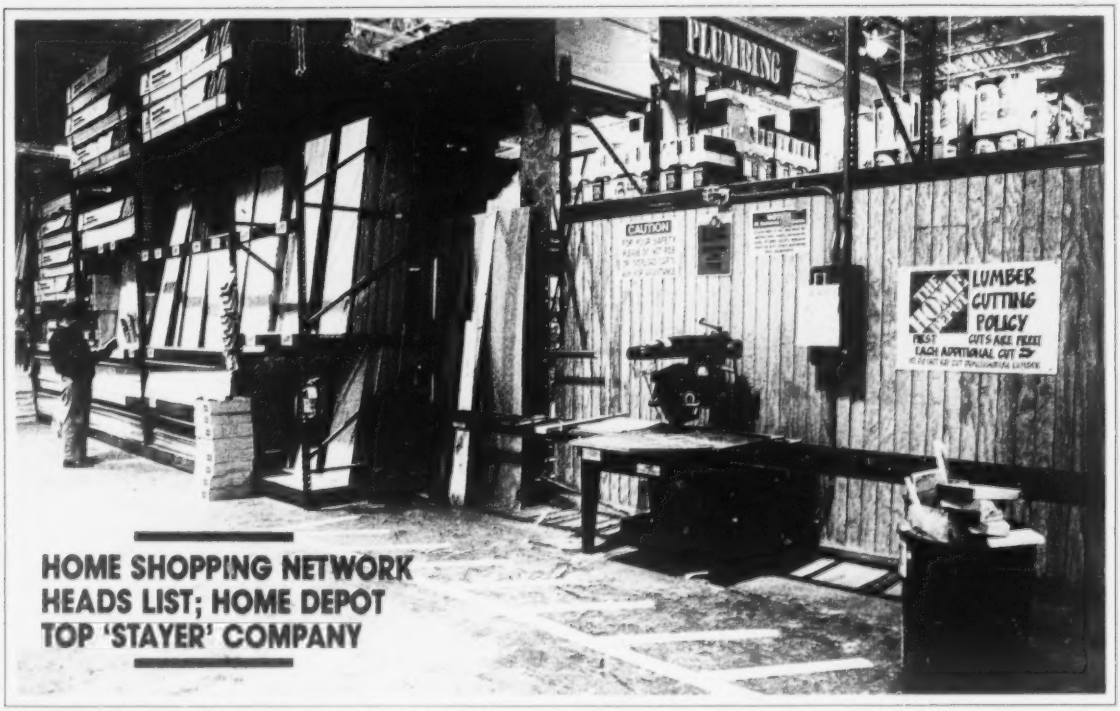
HIGH PERFORMANCE RETAILERS

HIGH PERFORMERS LED BY REBOUNDER



HOME SHOPPING NETWORK HEADS LIST; HOME DEPOT TOP 'STAYER' COMPANY

***Home Depot has been a High Performing** Retailer since Management Horizons began the study in 1985.*

Incumbency may be the surest way to repeat as a winner in politics, but in retailing, as in most sports, being number one doesn't guarantee successive success.

That's just one of the lessons that can be gleaned from a review of this year's High Performance Retailer Award program jointly sponsored by *Chain Store Age Executive* and Management Horizons, the Columbus, Ohio-based consulting arm of Price Waterhouse.

This year's leading High Performance Retailer provided retailing's version of the 1991 Atlanta Braves and Minnesota Twins, teams that came from nowhere to grab the Western division crowns of the National and American Leagues, respectively. Home Shopping Network is the top rated company for the period 1985 to 1990. Like the Braves and Twins, Home Shopping Network did not have a winning season the prior year. It lost $14.9 million.

But for the year ended August 31, 1990, HSN turned around and racked up profits of $38.8 million and boosted sales an extraordinary 30.2%.

One Price Clothing, meanwhile, failed to repeat as number one among the power elite but still managed to come in respectable third.

> HSN is the top rated company for the period 1985 to 1990

The year-to-year turnaround by HSN did not in and of itself merit HSN's selection as the best High Performance Retailer. The award is structured to avoid the vagaries of huge one-year fluctuations.

Rather, the High Performance Retailer program recognizes companies that consistently, over time, demonstrate an ability to outperform the marketplace.

Management Horizons analyzes company results in blocks of time sufficient to smooth out the cyclical nature of retailing. While a poor year could keep a company off the list of outstanding retailers, a good year, even a rebound year, cannot guarantee inclusion in the sphere of the retail aristocracy.

(For details of the analysis methodology see related story, p. 36.)

The multi-year analysis also means that some companies that have been blowing results through the roof for the last few years do not necessarily qualify for High Performance status.

Take, for example, the case of Costco Wholesale Corp. Its sales have been truly blockbuster, rising to gargantuan size from 1985 through 1990. Revenues skyrocketed to $4.1 billion from just $366.4 million.

Yet, Costco did not qualify as a High Performance Retailer because

HIGH PERFORMANCE RETAILERS 1985 to 1990

Company	*Compound revenue growth*	Revenue growth index A+	*Compound profit growth*	Profit growth index B+	*ROA*	ROA index C=	Retail performance index D
TOTAL RETAILING MEDIAN	*11.56%*	50	*12.43%*	50	*4.15%*	100	200
Home Shopping Network	*146.2*	632	*375.2*	1,510	*5.2*	126	2,268
Intelligent Electronics	*152.3*	659	*130.5*	525	*6.9*	166	1,350
One Price Clothing	*73.2*	316	*49.9*	201	*21.5*	517	1,034
Wet Seal	*57.6*	249	*125.6*	505	*8.4*	201	955
Martin Lawrence Limited Editions	*51.6*	223	*68.7*	276	*11.9*	287	786
BeautiControl Cosmetics	*26.9*	116	*24.3*	98	*22.1*	533	747
Duty Free International	*45.9*	198	*55.6*	224	*12.9*	310	732
Tiffany & Co.	*24.2*	105	*86.4*	348	*10.5*	254	707
The Home Depot*	*40.4*	174	*81.9*	329	*8.2*	198	701
The Gap*	*24.5*	106	*39.2*	158	*16.0*	384	648
Nature's Sunshine Products	*15.4*	66	*65.6*	264	*13.0*	314	644
Dress Barn*	*22.5*	97	*22.1*	89	*18.3*	440	626
Claire's Stores*	*27.9*	121	*22.3*	90	*15.6*	376	587
The Limited*	*17.1*	74	*35.1*	141	*14.9*	358	573
Merry-Go-Round Enterprises	*30.8*	133	*38.8*	156	*11.7*	281	570
Medicine Shoppe International	*18.5*	80	*24.9*	100	*15.7*	378	558
Wal-Mart*	*31.0*	134	*31.6*	127	*11.9*	287	548
Hannaford Bros.	*15.6*	68	*58.1*	234	*10.1*	242	544
Quality Food Centers	*20.5*	89	*40.7*	164	*11.7*	281	534
ValCom	*37.7*	163	*36.5*	147	*7.9*	189	499
Designs	*42.7*	185	*41.5*	167	*5.9*	141	493
Food Lion*	*24.5*	106	*29.4*	118	*10.7*	257	481
The Good Guys*	*32.9*	142	*26.7*	108	*9.2*	221	471
Trans World Music*	*33.1*	143	*31.3*	126	*7.8*	188	457
The Price Co.	*23.5*	101	*22.2*	89	*10.4*	251	441
Spec's Music*	*24.3*	105	*16.6*	67	*11.0*	266	438
Toys "R" Us*	*22.8*	98	*22.7*	89	*10.0*	240	427
Arbor Drugs*	*23.2*	100	*24.7*	99	*8.7*	209	408
Melville	*12.7*	55	*12.8*	52	*12.0*	288	395
CUC International	*39.0*	169	*22.2*	89	*5.1*	124	382
Wolohan Lumber*	*14.4*	62	*27.6*	111	*8.5*	204	377
Tuesday Morning	*15.3*	66	*13.7*	55	*9.7*	234	355
Bruno's*	*20.8*	90	*17.1*	69	*8.0*	192	351
Uni-Marts	*22.9*	99	*34.4*	139	*4.4*	106	344
J. Baker	*29.3*	127	*13.9*	56	*6.7*	161	344
Spiegel	*18.6*	80	*36.5*	147	*4.3*	104	331
Walgreen	*13.9*	60	*13.1*	53	*8.8*	212	325
Nordstrom*	*17.3*	75	*18.3*	73	*7.0*	168	316
Dillard Department Stores*	*17.6*	76	*22.3*	90	*6.0*	145	311

*Denotes "stayer" companies, those retailers who have achieved above industry performances for each of the five year study periods previously analyzed.

Source: *Chain Store Age Executive*/Management Horizons

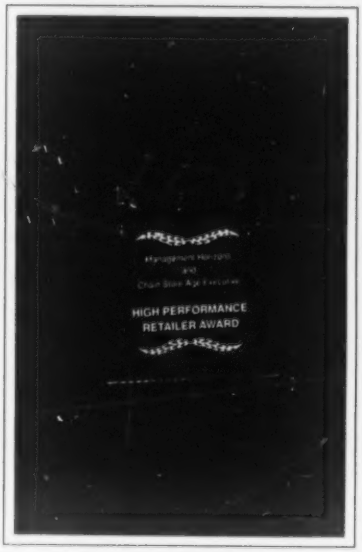
during the base year of the study, 1985, the Seattle-based company sustained a loss.

Anyone searching for evidence that retailing is beset by problems can find statistical proof in the year-to-year decline in median industry results.

Management Horizons studies three important yardsticks to determine the High Performance Retailers, and in all three cases, the median figures have dropped precipitously.

Compound annual revenue growth in the latest period reviewed came in at 11.56%, a more than two percentage points drop from 13.66% a year ago. In 1989, the compound annual growth rate for revenues was 14.95%.

The decline in compound annual earnings improvement was not as great but still reflected the slide in retailing. In 1989, the median industry increase was 13.73%. That dropped to 12.58% in 1990, and, for this year's



***Wet Seal is one of eight** apparel retailers to earn a High Performance Retailer Award.*

analysis, came in lower at 12.43%.

Average return on assets also dropped, a most dramatic 25.6% compared to the companies reviewed in 1989. The average ROA for 1991 was 4.15% compared to 5.58% in 1989 and 4.94% in 1990.

The difficulty in sustaining outstanding performance can also be seen in the number of retailers who failed to repeat as High Performance Retailers. Ten companies did not repeat. They include Williams-Sonoma, Lands' End, The Sharper Image, The Computer Factory, Best Buy, Circuit City Stores, Gantos, Pier 1 Imports, Pep Boys—Manny, Moe & Jack and S&K Famous Brands.

Newcomers to the list for 1991 include Home Shopping Network, Intelligent Electronics, Wet Seal, Martin Lawrence Limited Editions, BeautiControl Cosmetics, Duty Free International, Tiffany & Co., Nature's Sunshine Products, ValCom, Designs, Melville, Tuesday Morning, Uni-Marts, J. Baker, Spiegel and Walgreen.

It is hard enough repeating as a High Performance Retailer on a year-to-year basis. Even harder is making the list every year that the review has been undertaken by Management Horizons.

Only 17 retailers have been members of the High Performance club since its inception six years ago. Led by Home Depot, the list of "stayer" companies, the phrase used by Management Horizons, includes The Gap, Dress Barn, Claire's Stores, The Limited, Wal-Mart, Food Lion, The Good Guys, Trans World Music, The Price Company, Spec's Music, Toys "R" Us, Arbor Drugs, Wolohan Lumber, Bruno's, Nordstrom and Dillard. ■

TIPS ON HOW TO GET INTO THE 'CLUB'

Membership in the High Performance Retailer club is a pretty exclusive affair and is not open to flash in the pan performers. To qualify, a retailer must have achieved above industry average returns for the period 1985 to 1990.

Three important criteria were measured by Management Horizons for 279 public U.S. companies and 36 Canadian retailers. They included compound annual revenue growth, compound annual profit growth and average return on assets. Median results were computed for the public companies. Individual companies were measured against the industry medians.

The medians for the current study were:

- Compound revenue growth: 11.56%
- Compound profit growth: 12.43%
- Average return on assets: 4.15%

To facilitate the comparison of retail companies, each of the criterion were given a median index value. The first two measurements received index values of 50. Return on assets was given an index value of 100.

The overall median retail performance index, the sum of all three indices, totaled 200.

Any company whose score exceeded 200 earned a place on the High Performance Retailer list.

Every retail company's performance was indexed to the median in each criterion. For example, J. Baker's compound revenue growth of 29.3% was 2.55 times greater than the industry average (29.3 divided by 11.6). Multiplying 2.55 by the index value of 50 gave J. Baker a revenue growth index of 127.

J. Baker's profit growth was 1.12 times greater than the median, yielding a profit index of 56. Its return on assets was 1.61 times larger, and, after multiplying by the 100 index value, the ROA score was 161.

J. Baker's total score was 344.

SALES REMAIN WEAK IN SEPTEMBER

RETAILERS BRACE FOR DISAPPOINTING CHRISTMAS

Retail sales failed to improve in September, heightening speculation that retailers would face their third weak Christmas in a row.

As measured by the Mitsubishi Bank retail chain store sales index, same store retail sales posted only a 2.7% gain in September. Sales slipped 0.6% on a seasonally adjusted basis, their lowest level on the index since June.

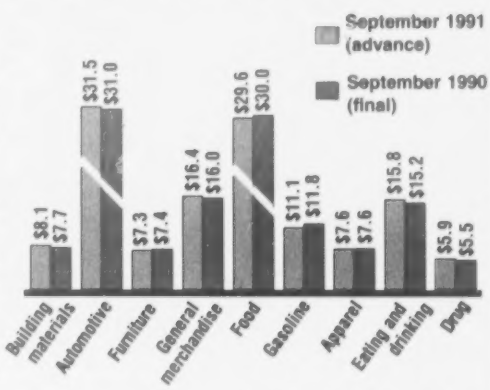
Some retailers were affected by a calendar shift that removed the Saturday of Labor Day weekend from this year's sales figures compared to September 1990. Wal-Mart, which continued to stand out against the industry's results overall, estimated that the shift lowered its comparable store sales gain by about 2 percentage points.

Many retailers also said that the warm weather in September hurt sales of fall merchandise. Some noted an upturn in sales during the first week of October, when weather became cooler.

Bracing for the tepid sales to continue, however, retailers say they are ordering more cautiously and maintaining lower inventory levels for the holiday season.

SEPTEMBER SALES

(Seasonally adjusted, figures in billions)



Source: U.S. Department of Commerce

CHAIN PERFORMANCE

Company	September '91 sales (000)	% change	% change comp. stores	YTD sales (000)	% change YTD	% change YTD comp. stores
Wal-Mart	$3,255,000	+32.0	+ 7.0	$26,577,000	+36.0	+11.0
Kmart	2,969,689	+ 5.3	+ 1.4	21,535,721	+ 7.8	+ 3.8
Sears	3,068,997	− 1.0	− 0.9	21,410,522	− 1.9	− 2.4
Penney	1,420,000	+ 1.0	+ 0.1	9,644,000	− 2.4	− 3.6
Dayton Hudson	1,340,000	+ 9.1	+ 5.1	9,410,000	+ 9.8	+ 2.2
May	973,000	+ 8.3	+ 0.4	6,480,000	+ 7.6	− 0.4
Melville[1]	892,787	+ 7.2	− 0.5	6,801,036	+18.3	+ 0.3
Walgreen[5]	532,790	+11.6	+ 7.9	4,969,430	+11.6	+ 7.9
Woolworth	496,000	+ 4.1	− 0.2	3,583,000	+ 2.9	− 2.5
The Limited	532,500	+16.0	+ 4.0	3,650,000	+17.0	+ 3.0
Mercantile	218,272	+ 3.5	+ 2.8	1,469,452	+ 4.6	+ 2.5
Circuit City[2]	213,600	+16.0	− 4.0	N/R	N/R	N/R
The Gap	255,000	+41.0	+20.0	1,504,000	+30.0	+12.0
Rose's	94,066	N/R	− 0.2	905,444	N/R	+ 1.9
Neiman-Marcus Group[3]	167,600	+ 1.0	− 2.2	292,200	+ 0.7	− 3.3
Venture Stores	128,800	+ 4.5	+ 2.8	893,000	+ 7.0	+ 3.7
Edison Bros.	114,400	+ 7.6	N/R	847,700	+14.7	N/R
Jamesway	75,400	+ 5.0	+13.0	527,800	+ 2.0	N/C
Charming Shoppes	92,800	+15.0	+ 5.0	651,500	+16.0	+ 7.0
Ross	71,000	+13.0	− 1.0	588,000	+18.0	+ 2.0
Dollar General	53,300	+16.1	+10.6	442,400	+13.2	+ 8.5
Best Buy[4]	76,000	+29.0	+10.0	435,000	+29.0	+10.0
Gottschalks	24,800	+ 5.0	+ 5.0	181,500	+15.0	+ 6.9
Claire's	19,935	+ 1.0	−10.0	157,267	+ 6.0	− 8.0

[1]fiscal year ends Dec. 31 [2]fiscal year ends Feb. 28 [3]fiscal year ends July 31 [4]fiscal year ends Mar. 31 [5]fiscal year ends Aug. 31 N/R = not reported N/C = no change

Source: Company reports

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November 1991/Section 2

Survey of

Human Resources Executives

in the Retail Industry

Ernst & Young's Survey of Executive Compensation in the Retail Industry

Thought Leadership Series

ERNST & YOUNG

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DEAR RETAILER:

For more than 25 years, Ernst & Young's National Survey of Executive Compensation has reported on executive pay in 24 U.S. industries. For the last five years, the survey has included executive compensation in the retail industry. Last year, Ernst & Young produced a supplemental report on the retail industry, and this year, Ernst & Young has entered into a partnership with *Chain Store Age Executive* to produce this report.

A total of 86 retail companies participated in this survey, providing compensation data on approximately 850 executives in 40 positions. The retail participants had annual sales revenues ranging from under $25 million to more than $1 billion.

This report covers base salaries, short-term bonuses, and the area of long-term compensation programs. It also features a profile of a fast-growing company's human resources program, and a discussion of some of the current trends in executive compensation, notably the prevalence of variable pay tied to performance.

We would like to thank the 86 retailers who took the time to fill out survey questionnaires. Without their cooperation, this study would not have been possible.

STEPHANIE M. SHERN
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Retail Industry Services
Ernst & Young

MURRAY FORSETER
Associate Publisher
Chain Store Age Executive

COMPENSATION TRENDS IN RETAIL: AN EXECUTIVE OVERVIEW

In the last several years, the trend in executive compensation has been to hold the line on fixed pay while placing a greater emphasis on variable pay that is tied to performance. This year, we have found, pay for performance has become the de facto standard in retail executive compensation.

The great majority of retail companies are now structuring their executives' pay so that base salaries remain somewhat stable, while a significant portion is variable and tied to company objectives, like sales or profitability. If a retail company is ailing, the executive team is "incentivised" to turn it around. If a company is healthy, executive pay is structured to encourage continued performance. At Dayton Hudson, for example, CEO Ken Macke's base salary has been frozen through 1992, and incentives for performance have been increased.

Many companies today are trying to "incentivise" their executives' compensation toward long-term objectives.

Retail professionals agree that pay for performance is a good practice. "The people who truly perform in today's environment are being compensated, and that's fair," says Robert E. Kerson, a retail industry executive search consultant.

Properly structured, variable pay also serves the interests of all parties: the executive, the company, and the shareholders. But one of the key challenges is: how do you structure compensation in a volatile industry like retail, where goals can shift quickly?

Many companies today are trying to incentivise their executives' compensation toward long-term objectives. Through such vehicles as stock options, retailers hope to encourage planning and performance over a relatively long period of time, rather than a "quick-hit" mentality that does not encourage long-term growth. Stockholders and institutional investors certainly prefer this approach, as do the company's employees. Kerson says executives are also seeking "ownership," so there is often a mutuality of interest.

However, troubled companies are forced to focus on the short term, and consequently, they tend to structure their compensation plans for the short term. Some companies do not even have long-term plans, and one chain will not design one until it's out of Chapter 11.

In compensation, then, there can be tension between long-term objectives and short-term realities. A company's executive team may believe strongly in a set of long-term objectives, but if problems are acute, these objectives may need to be postponed. As a result, shorter-term incentive packages replace long-term plans, and in a worst-case scenario, a short-term mentality takes over.

Some insiders, including Kerson, feel that this is indeed happening in retail today. "If there's anything wrong with pay for performance today, it's that it's too short term," says Kerson.

Ed Wingate, Senior Vice President of Personnel for Dayton Hudson, agrees, saying, "There is too much of a short-term mentality in retail." Moreover, he says, "Long-term incentives are not as directly related to competitive performance as they should be."

Proper performance incentives can not only inspire performance, they can aid in retention.

"I can understand the motivation of boards of directors to try to encourage performance," he says. "But my own feeling is that many current long-term plans are more luck of the draw than incentive. Are executives going to perform any better or differently if he/she has more stock options? I don't think so. There needs to be greater clarity of why incentives are offered (comparable store growth compared to competitors, ROI versus competition, etc.), rather than the hope that price earnings multiples will increase."

The Split-Plan Solution While the so-called short-term mentality may present a problem in the industry, it is not a major problem for compensation professionals. According to Doug Giles, the May Company's Senior VP, Human Resources, it is not unusual to simply design a "split" plan. A percentage of the variable pay is a bonus tied to this year's performance, and another percentage is a bonus tied to long-term performance. In this way, he says, "You can incentivise for both the short and longer term."

The Challenge of Retention Another, potentially more sticky, challenge is retaining top-performing retail executives. In this highly charged environment, star performers are highly valued—especially those executives with turnaround and/or proven financial expertise. How do companies retain them? "By setting attainable goals so these executives can smell success," says Kerson. In other words, proper performance incentives can not only inspire performance, they can aid in retention.

Both Wingate and Giles agree. However, both say that retention is less of a problem at strong companies that tend to have sound programs. Both feel that if a company's program is a good mix of long- and short-term incentives, the executives will generally respond with a longer-term commitment.

Compensation Tied to "New" Initiatives They will also respond to some of the industry's so-called "new" initiatives, like customer service and inventory management. While retailers do not generally tie executive compensation to "non-quantifiable" things like customer service, a growing number are, including Dayton Hudson and The May Company.

Giles says The May Company has designed a proprietary system for quantifying customer service. Through this system, executives are evaluated, and a portion of their compensation is tied to this evaluation.

Wingate says that at Dayton Hudson, "Executives are being asked to do other things, like deliver on customer service standards and function as part of a team. Our compensation is being tied to these areas."

In a sense, performance is being redefined in retail now, and in some companies, compensation is being adapted to the new definition.

Pay-for-Performance Dominates Survey Findings Our survey confirms the overall trend toward pay for performance. Generally, bonuses fell during the period surveyed, and base salary increases declined. When we looked closer at the data, however, there appeared to be a contradiction. Typically, in a pay-for-performance scenario, any increases in total compensation would be driven by large increases in bonuses and small increases in base salaries.

This year, however, total compensation increases were driven by increases in base salary. Why did this happen? Simply because bonuses were down. Salary increases were not large (five percent), but they carried more weight in the overall increase in compensation. The bottom line is, this finding is not incompatible with a pay-for-performance scenario in a year in which performance is down. Bonuses, after all, are tied to performance, and if performance is off—if sales and profits are down—bonuses should also be down.

Closing the Gap on CEOs Another sign of the times: top executives closed the gap on CEOs last year, and CFOs made great strides. Chief executive officers paid a particularly heavy price, it seems, for the poor performance of their companies. While virtually all CEOs were eligible for bonuses, only 64 percent received one, down from 69 percent in 1989. In addition, for those CEOs who received a bonus, bonus as a percentage of base was down from 88 percent in 1989 to 66 percent in 1990.

Retailers are putting great emphasis on financial survival measures, and as a result, they must compensate generously the individuals responsible for their survival.

By contrast, other top positions, including legal counsel and especially chief financial officer, enjoyed increases in compensation. The CFO moved up two positions in the compensation rankings this year, and is now the fifth highest paid position in the industry. The reason, we believe, has to do with the hard economic times. Retailers are putting great emphasis on financial survival measures, and as a result, they must compensate generously the individuals responsible for their survival. In addition, a company in grave financial condition must pay "top dollar" for a talented individual coming on board from another company or industry.

Of course, virtually every top executive's pay is tied to the company's financial performance, and this did not change in 1990. Overall, bonus eligibility was essentially the same as it was in 1989 as was the number of top executives receiving a bonus. Seventy-five percent received bonuses in 1990, compared to 70 percent in 1989. However, bonuses that were paid were, on average, smaller: 39 percent in 1989 versus 33 percent in 1990.

Other Management Executives The same was true for other management executives. This group did not go without bonuses, as the CEO did. It had about the same level of bonus eligibility as it did in 1989 (84 percent), and about the same percentage (79 percent) of individuals received bonuses. However, the bonuses themselves were smaller.

The reason for this, we believe, is because top and other management bonuses are generally tied to specific objectives in addition to company financial measures. Clearly, the members of these groups met some objectives, so they qualified for their bonuses. However, because overall revenue was down at the company, the pool of funds available for bonuses was smaller, and therefore individual bonuses were smaller.

Rent-A-Center's Rapid Growth Challenges Human Resources to Recruit and Retain

For many retailers today, personnel downsizing is a regular, if distressing, part of doing business. At Rent-A-Center, personnel are not being "downsized," and business is anything but distressing. This subsidiary of THORN-EMI has weathered the recession extraordinarily well; in fact, it is enjoying a fifth straight year of rapid growth. As it has since 1986, the company will add more than 100 stores this year, bringing the total to approximately 1,050 by year-end 1991.

"We have to make sure the company has the employee base to sustain itself and grow," says Rent-A Center's Director, Field Human Resources. " This is never easy."

This puts Rent-A-Center's Human Resources department in the unusual—and challenging—position of recruiting and training hundreds of new people each year, and retaining this workforce as the organization grows larger.

Cutting staff is heartbreaking. Adding hundreds of people a year in a tight labor market must be backbreaking.

"It's certainly a challenge," says Robert D. Brockman, Rent-A-Center's Director, Field Human Resources. "We have to make sure the company has the employee base to sustain itself and grow. This is never easy."

To recruit, the company uses a number of methods, including college recruiting, job fairs, which often attract college graduates, and 1-800 "job lines." Through this service, a recruit calls a number in his or her area, and submits to a pre-interview "screening." Unqualified candidates are eliminated through "knock-out" questions.

Once a candidate is identified, Rent-A-Center relies on a standardized interview process to evaluate the person. This is actually a six-step process that begins, naturally, with an application, followed by an interview with an in-store manager. The interview, which is "patterned" to assess knowledge, skills, traits and experience, includes a pen-and-paper "survey" called the Stanton Profile. The profile is designed to provide indicators of a candidate's work motivation, adaptability and flexibility, service orientation, and trustworthiness. It helps evaluate a person's character, and by itself will not qualify or disqualify a candidate.

The next step in the process is a second interview, this time with a multi-unit manager. If the candidate passes muster here, there is a reference check, followed by a visit to a store. Here, the candidate has a chance to observe a Rent-A-Center unit in action and decide if he or she will be comfortable in this environment.

If the candidate joins the company, there is a two-week orientation in a flagship training store, followed by a 90-day, learner-controlled training program. This program is also formalized,

and includes several "checkpoints." When the new hire masters a segment of the program, a store manager signs off and the employee moves on to the next segment. To complete the program, the employee must pass a final exam.

Focus on retention According to Brockman, the hiring process is a top priority, but retention ranks just as high, if not higher. For one thing, he says, if you can retain your employees, you've alleviated the problem of crisis hiring in an unstable labor market. Retention is also stressed at Rent-A-Center because of the nature of the business.

Rent-A-Center customers rent household durable goods, like electronics, appliances, and furniture, with an option to buy these goods. They do not make a simple transaction with the company; they establish an on-going relationship with the organization—and with the person who rents them the merchandise.

At Rent-A-Center, the Account Representative who rents you merchandise is usually the person who sets up your payment plan, delivers and installs the product, manages your account, and, if necessary, handles collections. Because of this close personal relationship, the company wants and needs to retain these employees for as long as possible.

To maximize its retention rate, the company has devised a Putting People First Retention Program. The program consists of six elements: environment, selection, orientation, training and development, communications, and incentives/recognition.

Environment refers to the store itself. "What is the environment we've created?" asks Brockman. "Is it conducive to a satisfied, productive workforce?"

Selection refers to the hiring process. Here, management reviews the process to make sure they have conformed to company guidelines and hired the right people.

Orientation is designed to ensure that the employee understands and accepts the company philosophy, policies, compensation program, and so on. Training was described earlier.

Communications has four components: weekly store meetings, "rap sessions" with multi-unit managers, performance appraisals, and a grievance procedure which gives employees an avenue for addressing problems internally.

Finally, there is the recognition program. Right now, positions under manager receive a competitive base salary with no bonus program. Superior performance is recognized with salary increases and promotions. The manager level and above also has a pay-for-performance program. Executives are compensated with base salaries plus bonuses based on company performance and their ability to meet other business objectives. Store managers also receive recognition for "developing" an entry-level account representative into an assistant store manager.

Is the retention program working? "Absolutely!" says Brockman. "We effectively dropped our entry-level account representative turnover 30 percent this fiscal year."

At Rent-A-Center, the focus is on retention. "If you can retain your employees," says Robert Brockman, "you've alleviated the problem of crisis hiring in an unstable labor market."

SURVEY HIGHLIGHTS

This year's survey results clearly demonstrate the continuation of the trend toward pay for performance. Oddly enough, it took several years of declining performance to confirm that there is a true linkage between pay and performance. For the majority of executives in retail, bonuses were significantly lower as performance slumped.

Salary In 1990, most of the increase in total compensation was driven by salary increases. Overall, average 1990 base salaries paid to retail industry executives rose a healthy nine percent. However, average 1991 increases in base salaries (where such increases were granted) were reported at only five percent.

In comparison, base salaries paid to executives of bonus-paying companies also increased nine percent, while 1991 increases averaged six percent. In addition, salary increases did not vary significantly between executive groups. Increases between executive groups varied slightly in bonus companies from nine percent at the CEO and top executive group to seven or eight percent for the other executive groups.

Bonus The majority of retail companies included in the study provide bonus opportunities to executives, with approximately 83 percent indicating bonus eligibility. However, only 76 percent of the retail executives who were eligible to receive a bonus actually received one for 1990 performance. In addition, the ratio of bonus as a percentage of base salary calculated for retail executives who actually received a bonus, was 29 percent in 1990. This was down from 37 percent the year before.

Total Compensation Average percentage increases in total compensation paid in bonus-paying retail companies was nine percent, while total compensation paid by all retail companies increased nine percent. This is unlike the findings of the past several years where bonus paying companies traditionally found their total compensation increasing faster than the overall population (all companies including non-bonus companies).

Unlike base salary increases, there was more variability in total compensation increases across executive groups. The average 1990 increase in total compensation for retail CEOs and top executives was 10 percent. Of the other executive groups, financial executives received the largest increase in total compensation, 10 percent, while systems executives received the lowest total compensation increase, averaging five percent.

COMPENSATION FINDINGS

Table 1 summarizes 1990 increases paid to the CEO and top executives as a group, financial executives, human resource executives, systems executives and marketing and store operations executives. The data in Table 1 will be referenced throughout this report.

On face value, this year's data does not appear to reflect the shift toward incentive compensation. The impact salary increases have had on the executive pay dollar appears magnified due to the relatively smaller bonuses that have been paid in the last year. However, these smaller bonuses are to be expected as a direct result of the current state of the retail economy. Consequently, a strong linkage between pay and performance is supported by the reduction in the incentive element of the total compensation dollar.

Table 1

Retail Industry Executives Average Percentage Increase in Compensation (1989-1990)

Analysis of Bonus And All Companies

	CEO and Top Executives	Financial Executives	Human Resource Executives	Systems Executives	Marketing and Store Operations Executives
Bonus Companies					
Total Compensation	10%	8%	7%	6%	9%
Base Salary	9%	7%	7%	7%	8%
All Companies					
Total Compensation	10%	10%	7%	5%	8%

Chief Executive Officer Compensation Base salaries paid to CEOs in bonus-paying retail companies increased by an average of 11 percent in 1990. However, in 1991, CEO base salaries increased only four percent where reported.

Only 64 percent of bonus-eligible CEOs actually received a bonus for 1990 performance. In addition, the ratio of bonus payments to base salary in bonus-paying companies was 66 percent for CEOs, down significantly from 88 percent the year before. As a result, total compensation paid to the CEOs of bonus-paying retail companies increased 10 percent during 1990, down from 17 percent in

Top Executive Compensation Base salaries increased by an average of nine percent in 1990 and six percent in 1991. While 83 percent of the top executives for whom data were reported were eligible for bonus payments, only 75 percent of those eligible actually received a bonus. Like the CEO, those executives that received a bonus saw it drop from 39 percent of base salary in 1989 to 33 percent in 1990. Total compensation for top executives in all retail companies increased 10 percent in 1990.

Comparison: Top Executives to Chief Executive Officer When analyzing compensation levels, it is often useful to compare the compensation of key executives to that of the chief executive officer. In this year's survey, top executives' compensation moved closer to that of the CEO. Overall, top executives' base salaries were 49 percent of the CEO in 1991, up from 48 percent in 1990. Similarly, total compensation as a percent of the CEO rose to 43 percent in 1991 from 41 percent in 1990. The CFO had a significant increase relative to the CEO, becoming the fifth highest paid executive in the retail industry, an industry typically dominated by store operations and merchandising executives.

Table 2 presents average annual 1991 base salaries as of April 1 for the top executives as a percent of the CEO's 1991 base salary. Table 3 presents top executives' average 1990 total compensation as a percentage of the CEO's total compensation. Table 4 presents bonus eligibility, payment percentages, and bonus as a percent of base salary for this same group.

Table 2

Top Executives 1991 Base Salary as a Percent of CEO's Base Salary

	% of CEO's Base
Chief Operating Officer	78.5%
Top Store Operations Executive	65.3%
Top Merchandising Executive	64.0%
Top Legal Executive	58.4%
Top Financial Officer	53.6%
Top Real Estate Executive	52.0%
Top Human Resources Executive	43.2%
Top Systems and Data Processing Executive	42.9%
Top Marketing and Sales Executive	40.8%
Top Distribution and Warehousing Executive	40.6%
Top Security and Loss Prevention Executive	33.2%
Top Visual Merchandising Executive	31.7%
Top Store Planning and Fixturing Executive	30.2%

Table 3

Top Executives 1990 Total Compensation as a Percent of CEO's Total Compensation

	% of CEO's Total Compensation
Chief Operating Officer	79.4%
Top Merchandising Executive	55.5%
Top Store Operations Executive	55.2%
Top Legal Executive	53.8%
Top Financial Officer	48.6%
Top Real Estate Executive	47.5%
Top Human Resources Executive	38.0%
Top Systems and Data Processing Executive	35.6%
Top Marketing and Sales Executive	34.8%
Top Distribution and Warehousing Executive	34.4%
Top Security and Loss Prevention Executive	26.5%
Top Visual Merchandising Executive	25.3%
Top Store Planning and Fixturing Executive	23.1%

Table 4

CEO and Top Executives 1990

Bonus Analysis

	% Eligible	% of Those Eligible Paid a Bonus	Bonus as % of Base Salary (Where Paid)
Chief Executive Officer	79.8%	64.4%	65.9%
Chief Operating Officer	80.5%	74.1%	63.6%
Top Distribution and Warehousing Executive	89.5%	88.2%	26.9%
Top Financial Officer	82.0%	76.1%	38.1%
Top Human Resources Executive	81.4%	65.6%	29.1%
Top Legal Executive	93.3%	77.8%	26.1%
Top Marketing and Sales Executive	89.3%	61.9%	35.7%
Top Real Estate Executive	89.5%	92.9%	28.7%
Top Merchandising Executive	86.4%	82.4%	34.3%
Top Security and Loss Prevention Executive	77.8%	78.6%	18.6%
Top Store Operations Executive	81.8%	66.7%	34.0%
Top Store Planning and Fixturing Executive	76.9%	66.7%	13.3%
Top Systems and Data Processing Executive	79.6%	76.7%	22.1%
Top Visual Merchandising Executive	80.0%	85.7%	16.8%

Other Management Executives Data for other senior management executives is reported separately for financial executives, human resource executives, systems executives, and marketing and store operations executives. Base salary increases in 1990 were highest for financial executives and lowest for systems executives. Likewise, total compensation increases in 1990 were highest for financial executives and lowest for systems executives.

Financial Executives Base salaries for financial executives rose by an average of 10 percent in 1990. In 1991 base salaries increased only five percent. Of the financial executives for whom compensation data were reported, 81 percent were eligible for bonus payments, of which 77 percent actually received a bonus. On average, bonuses where paid to financial executives for 1990 performance equaled 20 percent of base salary, down from 24 percent in 1989. The top real estate executives reported the highest bonus/base salary ratio of 29 percent, where paid, while the top internal audit and top cash management executives had the lowest ratio at 15 percent for those executives receiving bonuses.

Total compensation for financial executives rose by an average of 10 percent in 1990. Bonus-paying companies reported an average increase of eight percent, reflecting a seven percent increase in base salaries, and a nine percent increase in bonuses, where paid. Within the financial executives group, the largest average increase in total compensation was reported for the top corporate risk management executive at 17 percent. The lowest average increase was received by top credit and collection executives where the average was two percent.

Human Resource Executives Base salaries for human resource executives rose by an average of seven percent in 1990 and six percent in 1991. Of the human resource executives for whom compensation data were reported, 85 percent were eligible for bonus payments, of which 88 percent actually received a bonus. On average, bonuses where paid to human resource executives for 1990 per-

formance equaled 17 percent of base salary, down from 20 percent the year before. The top employee relations executives reported the highest bonus/base salary ratio of 22 percent, where paid, while the top benefits executives had the lowest ratio at 13 percent for those executives receiving bonuses.

Total compensation for human resource executives rose by an average of seven percent in 1990. Bonus-paying companies also reported an average increase of seven percent. Within the human resources executive group, the largest average increase in total compensation was reported for the top compensation and benefits executive at 12 percent. The lowest average increase was received by top benefits executives where the average was four percent.

Systems Processing Executives Base salaries for systems executives rose by an average of seven percent in 1990, compared to five percent in 1991. Of the systems executives for whom compensation data were reported, 88 percent were eligible for bonus payments, of which 76 percent actually received a bonus. On average, bonuses where paid to systems processing executives for 1990 performance equaled 15 percent of base salary, down from 16 percent in 1989. The top data processing operations executives reported the highest bonus/base salary ratio, 17 percent, while the top software systems programming executives had the lowest ratio, 10 percent.

Total compensation for systems executives rose by an average of five percent in 1990. Bonus-paying companies reported an average increase of six percent. Among systems executives, the largest average increase in total compensation was reported for the top applications programming executive and the top telecommunications executive, both at eight percent. The lowest average increase was received by top software systems programming executives where the average was three percent.

Marketing and Store Operations Executives Base salaries for marketing and store operations executives rose by an average of seven percent in 1990 and five percent in 1991. Of the marketing and store operations executives for whom compensation data were reported, 82 percent were eligible for bonus payments and 76 percent actually received a bonus. On average, bonuses where paid to marketing and store operations executives equaled 22 percent of base salary, down from 26 percent in 1989. The top advertising executives reported the highest bonus/base salary ratio, 24 percent, while the top sales executives had the lowest ratio at 17 percent.

Total compensation for marketing and store operations executives rose by an average of eight percent in 1990. Bonus-paying companies reported an average increase of nine percent. Among the marketing and store operations executives, the largest average increase in total compensation was reported for the top advertising executive at 11 percent. The lowest average increase was received by top public relations executives, where the average was four percent.

Comparison: Other Management Executives to the Chief Executive Officer

Table 5 presents average 1991 base salaries for the other senior executives as a percent of the CEO's 1991 base salary. Table 6 presents the average 1990 total compensation for other senior executives as a percentage of the CEO's total compensation. Table 7 presents bonus eligibility, payment percentage, and bonus as a percent of base salary.

Table 5

Other Management Executives 1991 Base Salary as a Percent of CEO's Base Salary

	% of CEO's Base
Financial Executives	
Treasurer	39.1%
Top Tax Executive	36.5%
Controller	34.6%
Top Credit and Collection Executive	33.0%
Top Corporate Risk Management Executive	32.5%
Top General Accounting Executive	31.4%
Top Internal Audit Executive	29.2%
Top Financial Analysis Executive	27.9%
Top Budget Executive	27.5%
Top Cash Management Executive	25.7%
Human Resources Executives	
Top Compensation and Benefits Executive	36.6%
Top Employee Relations Executive	31.4%
Top Training Executive	30.3%
Top Compensation Executive	28.9%
Top Benefits Executive	26.4%
MIS and Systems Executives	
Top Applications Program Executive	35.7%
Top Data Processing Operations Executive	32.7%
Top Telecommunications Executive	31.7%
Top Software Systems Programming Executive	29.3%
Marketing and Store Operations Executives	
Top Advertising Executive	41.3%
Top Marketing Executive	40.1%
Top Public Relations Executive	40.0%
Top Market Research Executive	34.9%
Top Traffic and Transportation Executive	30.0%
Top Sales Executive	26.3%
Top Sales Promotion Executive	24.6%

Table 6

Other Management Executives 1990 Total Compensation as a Percent of CEO's Total Compensation

	% of CEO's Total Compensation
Financial Executives	
Treasurer	31.4%
Top Tax Executive	30.2%
Top Credit and Collection Executive	28.3%
Controller	27.7%
Top Corporate Risk Management Executive	26.4%
Top General Accounting Executive	23.8%
Top Internal Audit Executive	23.4%
Top Financial Analysis Executive	22.8%
Top Budget Executive	21.0%
Top Cash Management Executive	20.7%

Table 6 Continued

Human Resource Executives	
Top Compensation and Benefits Executive	30.2%
Top Employee Relations Executive	24.6%
Top Compensation Executive	23.7%
Top Training Executive	23.7%
Top Benefits Executive	20.7%
Systems Executives	
Top Applications Programming Executive	28.4%
Top Telecommunications Executive	27.5%
Top Data Processing Operations Executive	25.7%
Top Software Systems Executive	21.8%
Marketing and Store Operations Executives	
Top Public Relations Executive	37.2%
Top Advertising Executive	35.1%
Top Marketing Executive	32.4%
Top Market Research Executive	32.1%
Top Traffic and Transportation Executive	24.8%
Top Sales Executive	19.6%
Top Sales Promotion Executive	18.8%

Table 7

Other Management Executives

1990 Bonus Analysis

	% Eligible	% Paid	Bonus as % of Base Salary
Financial Executives			
Controller	78.4%	68.4%	21.3%
Top Budget Executive	85.7%	66.7%	*
Top Cash Management Executive	100.0%	100.0%	14.8%
Top Corporate Risk Executive	83.3%	60.0%	*
Top Credit and Collection Executive	75.0%	100.0%	22.8%
Top Financial Analysis Executive	100.0%	85.7%	15.7%
Top General Accounting Executive	76.5%	75.0%	16.6%
Top Internal Audit Executive	73.3%	87.5%	14.5%
Top Tax Executive	93.8%	78.6%	17.4%
Treasurer	72.7%	85.7%	26.5%
Human Resource Executives			
Top Benefits Executive	90.0%	88.9%	12.7%
Top Compensation and Benefits Executive	80.0%	100.0%	20.7%
Top Compensation Executive	77.8%	100.0%	14.0%
Top Employee Relations Executive	90.9%	77.8%	22.0%
Top Training Executive	86.7%	81.8%	15.4%
Systems Executives			
Top Applications Programming Executive	83.3%	66.7%	16.2%
Top Data Processing Operations Executive	83.3%	70.0%	17.2%
Top Software Systems Executive	88.9%	75.0%	9.8%
Top Telecommunications Executive	100.0%	100.0%	15.5%
Marketing and Store Operations Executives			
Top Advertising Executive	85.0%	75.0%	24.4%
Top Marketing Executive	85.7%	86.7%	19.9%
Top Public Relations Executive	75.0%	75.0%	*
Top Sales Executive	73.7%	62.5%	16.9%
Top Market Research Executive	66.7%	100.0%	*
Top Sales Promotion Executive	85.7%	66.7%	*
Top Traffic and Transportation Executive	92.9%	72.7%	22.2%

*=Insufficient Data

Long-Term Compensation As part of the overall compensation planning process, retailers seek to balance short-term focus with longer term objectives through the use of long-term compensation programs. Table 8 indicates the use of different long-term programs. *Non-qualified Stock Options* is the most popular type of long-term plan offered to twenty-seven percent of retail executives. The second most popular type of program is *Incentive Stock Options* offered to twenty-two percent of executives. The least popular is *Phantom Stock* offered less than one percent of the time.

Table 8

Prevalence of Long-Term Compensation Plans

Non-Qualified Stock Options	27.3%
Incentive Stock Options	22.4%
Stock Appreciation Rights	1.8%
Restricted Stock	6.2%
Phantom Stock	.5%
Performance Shares/Units	12.0%

COMPENSATION TABLES

Dollars expressed in thousands. The term "match" is defined in the Scope and Methodology section on Page 27.

Chief Executive Officer

			1991 BASE SALARY							1990 BONUS			
			Bonus-Paying Companies					All Companies					
1990 Sales	Count	Match	Mean	1st Q	Median	3rd Q	% Inc 90-91	Mean	% Inc 90-91	% Bonus-Eligible	% Paid Bonuses	Average 1990 Bonus	Bonus as a % of Base
Under $25M	34	3.4	$155.1	$68.5	$110.0	$175.0	2.4%	$137.2	0.2%	75.0%	58.3%	$63.9	60.5%
$25M-100M	13	3.1	$155.7	$100.0	$125.4	$165.0	2.5%	$148.4	2.3%	80.0%	75.0%	$100.1	99.7%
$100M-500M	7	3.3	$240.8	$200.0	$200.0	$300.0	3.1%	$237.4	1.5%	75.0%	*	*	*
$500M-1B	6	3	$295.6	$238.5	$305.0	$391.0	7.1%	$296.4	5.9%	71.4%	80.0%	$130.1	50.0%
Over $1B	13	2.9	$473.1	$375.0	$450.0	$565.0	7.3%	$473.1	7.3%	100.0%	84.6%	$204.6	50.9%
All Levels	**73**	**3.2**	**$244.4**	**$106.7**	**$175.0**	**$357.4**	**4.0%**	**$221.7**	**2.5%**	**79.7%**	**64.4%**	**$102.5**	**65.9%**

Chief Operating Officer

			1991 BASE SALARY							1990 BONUS			
			Bonus-Paying Companies					All Companies					
1990 Sales	Count	Match	Mean	1st Q	Median	3rd Q	% Inc 90-91	Mean	% Inc 90-91	% Bonus-Eligible	% Paid Bonuses	Average 1990 Bonus	Bonus as a % of Base
Under $25M	11	3.1	$96.5	$45.0	$62.0	$98.0	3.7%	$90.5	6.3%	61.5%	40.0%	$37.3	37.4%
$25M-100M	11	3.2	$108.9	$70.0	$115.0	$138.6	10.0%	$108.5	8.9%	83.3%	100.0%	$45.6	54.7%
$100M-500M	*	*	*	*	*	*	*	*	*	*	*	*	*
$500M-1B	5	2.5	*	*	*	*	*	$184.0	5.1%	*	*	*	*
Over $1B	7	3	$387.5	$262.5	$387.0	$485.0	6.1%	$387.5	6.1%	100.0%	71.4%	$179.5	60.6%
All Levels	**37**	**3**	**$191.8**	**$90.0**	**$141.8**	**$267.0**	**8.8%**	**$174.1**	**8.3%**	**80.5%**	**74.1%**	**$92.2**	**63.6%**

Top Financial Officer

			1991 BASE SALARY							1990 BONUS			
			Bonus-Paying Companies					All Companies					
1990 Sales	Count	Match	Mean	1st Q	Median	3rd Q	% Inc 90-91	Mean	% Inc 90-91	% Bonus-Eligible	% Paid Bonuses	Average 1990 Bonus	Bonus as a % of Base
Under $25M	18	3.4	$59.9	$42.9	$54.0	$72.5	8.1%	$60.9	8.3%	66.7%	63.6%	$11.0	24.5%
$25M-100M	13	3.1	$70.2	$51.0	$77.7	$83.8	5.2%	$72.8	4.7%	85.7%	72.7%	$18.5	39.0%
$100M-500M	9	3.2	$138.9	$100.0	$115.0	$193.0	12.9%	$131.7	8.6%	77.8%	50.0%	$35.9	70.9%
$500M-1B	7	3	$160.4	$114.1	$145.0	$210.0	6.2%	$158.7	5.2%	85.7%	80.0%	$34.0	24.9%
Over $1B	13	3	$214.3	$168.0	$180.0	$247.0	6.6%	$214.3	6.6%	100.0%	100.0%	$87.7	41.2%
All Levels	**60**	**3.2**	**$125.6**	**$68.9**	**$100.3**	**$173.9**	**7.4%**	**$118.8**	**6.9%**	**82.0%**	**76.1%**	**$40.2**	**38.1%**

Top Marketing and Sales Executive

			1991 BASE SALARY							1990 BONUS			
			Bonus-Paying Companies					All Companies					
1990 Sales	Count	Match	Mean	1st Q	Median	3rd Q	% Inc 90-91	Mean	% Inc 90-91	% Bonus-Eligible	% Paid Bonuses	Average 1990 Bonus	Bonus as a % of Base
Under $25M	14	3.1	$57.2	$44.3	$56.0	$65.5	6.0%	$64.0	5.4%	86.7%	50.0%	$9.9	38.9%
All Levels	**25**	**2.9**	**$89.3**	**$46.9**	**$74.1**	**$120.0**	**7.5%**	**$90.5**	**7.0%**	**89.3%**	**61.9%**	**$18.5**	**35.7%**

Top Human Resources Executives

			1991 BASE SALARY							1990 BONUS			
			Bonus-Paying Companies					All Companies					
1990 Sales	Count	Match	Mean	1st Q	Median	3rd Q	% Inc 90-91	Mean	% Inc 90-91	% Bonus-Eligible	% Paid Bonuses	Average 1990 Bonus	Bonus as a % of Base
Under $25M	5	2.5	*	*	*	*	*	*	$33.0	4.0%	*	*	*
$25M-100M	8	3.1	$50.2	$45.0	$46.0	$60.0	4.7%	$49.2	4.1%	77.8%	71.4%	$4.7	14.4%
$100M-500M	9	3.1	$83.9	$63.0	$88.4	$108.0	6.2%	$80.0	4.8%	77.8%	28.6%	$3.6	19.3%
$500M-1B	8	2.9	$122.3	$84.8	$95.4	$170.0	2.3%	$113.9	2.6%	87.5%	83.3%	$27.5	24.2%
Over $1B	11	3.3	$157.7	$122.4	$155.0	$194.1	5.0%	$157.7	5.0%	100.0%	90.0%	$61.3	42.1%
All Levels	**41**	**3**	**$106.0**	**$60.0**	**$97.4**	**$140.0**	**4.9%**	**$95.7**	**4.2%**	**81.4%**	**65.6%**	**$26.1**	**29.1%**

Top Legal Executive

			1991 BASE SALARY							1990 BONUS			
			Bonus-Paying Companies					All Companies					
1990 Sales	Count	Match	Mean	1st Q	Median	3rd Q	% Inc 90-91	Mean	% Inc 90-91	% Bonus-Eligible	% Paid Bonuses	Average 1990 Bonus	Bonus as a % of Base
Over $1B	9	3	$148.6	$135.2	$140.0	$150.7	6.7%	$148.6	6.7%	100.0%	100.0%	$40.6	24.9%
All Levels	**15**	**2.9**	**$133.2**	**$100.0**	**$137.6**	**$150.7**	**5.7%**	**$129.5**	**4.5%**	**93.3%**	**77.8%**	**$32.9**	**26.1%**

Top Systems and Data Processing Executive

			1991 BASE SALARY							1990 BONUS			
			Bonus-Paying Companies					All Companies					
1990 Sales	Count	Match	Mean	1st Q	Median	3rd Q	% Inc 90-91	Mean	% Inc 90-91	% Bonus-Eligible	% Paid Bonuses	Average 1990 Bonus	Bonus as a % of Base
Under $25M	5	3.2	*	*	*	*	*	$47.3	10.5%	*	*	*	*
$25M-100M	7	2.6	$49.9	$38.0	$53.8	$55.0	5.7%	$53.6	1.6%	66.7%	80.0%	$2.3	5.9%
$100M-500M	8	3	$81.7	$57.5	$86.3	$97.5	7.3%	$79.2	4.0%	75.0%	60.0%	$8.1	23.7%
$500M-1B	8	3	$98.3	$68.5	$87.7	$138.0	5.3%	$95.2	4.5%	87.5%	83.3%	$16.8	19.7%
Over $1B	12	3.4	$145.2	$109.1	$134.5	$205.0	3.9%	$149.8	3.9%	92.3%	91.7%	$37.2	28.7%
All Levels	**40**	**3**	**$98.7**	**$58.4**	**$93.2**	**$123.6**	**5.9%**	**$95.1**	**4.3%**	**79.5%**	**76.7%**	**$20.0**	**22.1%**

Top Public Relations Executive

			1991 BASE SALARY							1990 BONUS			
			Bonus-Paying Companies					All Companies					
1990 Sales	Count	Match	Mean	1st Q	Median	3rd Q	% Inc 90-91	Mean	% Inc 90-91	% Bonus-Eligible	% Paid Bonuses	Average 1990 Bonus	Bonus as a % of Base
Over $1B	5	3.4	*	*	*	*	*	$114.9	5.6%	*	*	*	*
All Levels	**8**	**2.9**	**$103.8**	**$56.6**	**$93.8**	**$100.0**	**5.6%**	**$88.4**	**4.5%**	**75.0%**	**75.0%**	*	*

Top Real Estate Executive

			1991 BASE SALARY							1990 BONUS			
			Bonus-Paying Companies					All Companies					
1990 Sales	Count	Match	Mean	1st Q	Median	3rd Q	% Inc 90-91	Mean	% Inc 90-91	% Bonus-Eligible	% Paid Bonuses	Average 1990 Bonus	Bonus as a % of Base
$500M-1B	7	2.6	$107.8	$70.0	$105.0	$136.0	6.9%	$100.3	6.7%	85.7%	80.0%	$34.4	33.4%
Over $1B	8	3	$133.4	$114.0	$122.5	$153.4	4.3%	$133.4	4.3%	100.0%	100.0%	$35.9	27.1%
All Levels	18	2.9	$118.7	$80.5	$118.5	$138.9	5.6%	$115.2	5.3%	89.5%	92.9%	$33.9	28.7%

Top Advertising Executive

			1991 BASE SALARY							1990 BONUS			
			Bonus-Paying Companies					All Companies					
1990 Sales	Count	Match	Mean	1st Q	Median	3rd Q	% Inc 90-91	Mean	% Inc 90-91	% Bonus-Eligible	% Paid Bonuses	Average 1990 Bonus	Bonus as a % of Base
$500M-1B	6	2.8	$85.8	$66.5	$89.0	$93.0	4.3%	$79.4	3.6%	83.3%	80.0%	$20.5	26.0%
Over $1B	9	3.1	$112.8	$79.0	$93.3	$115.5	3.8%	$112.8	3.8%	100.0%	87.5%	$24.4	24.0%
All Levels	20	2.9	$97.1	$75.0	$89.0	$102.0	4.6%	$91.6	4.1%	85.0%	75.0%	$19.4	24.4%

Top Marketing Executive

			1991 BASE SALARY							1990 BONUS			
			Bonus-Paying Companies					All Companies					
1990 Sales	Count	Match	Mean	1st Q	Median	3rd Q	% Inc 90-91	Mean	% Inc 90-91	% Bonus-Eligible	% Paid Bonuses	Average 1990 Bonus	Bonus as a % of Base
Under $25M	7	2.9	$56.9	$37.5	$57.0	$70.0	8.9%	$55.1	8.9%	85.7%	83.3%	$4.7	11.1%
$25M-100M	*	*	*	*	*	*	*	*	*	*	*	*	*
$100M-500M	*	*	*	*	*	*	*	*	*	*	*	*	*
$500M-1B	*	*	*	*	*	*	*	*	*	*	*	*	*
Over $1B	6	2.8	$130.8	$96.0	$109.5	$201.9	4.8%	$130.8	4.8%	100.0%	100.0%	$33.1	21.8%
All Levels	18	2.9	$90.1	$50.5	$77.5	$109.1	8.7%	$89.0	8.7%	85.7%	86.7%	$17.4	19.9%

Top Sales Executive

			1991 BASE SALARY							1990 BONUS			
			Bonus-Paying Companies					All Companies					
1990 Sales	Count	Match	Mean	1st Q	Median	3rd Q	% Inc 90-91	Mean	% Inc 90-91	% Bonus-Eligible	% Paid Bonuses	Average 1990 Bonus	Bonus as a % of Base
Under $25M	7	3.4	*	*	*	*	*	$43.8	6.6%	*	*	*	*
$25M-100M	5	3	*	*	*	*	*	$59.0	3.9%	*	*	*	*
All Levels	**15**	**3.2**	**$57.5**	**$40.0**	**$54.4**	**$64.5**	**5.3%**	**$58.4**	**5.0%**	**73.7%**	**62.5%**	**$9.9**	**16.9%**

Top Compensation and Benefits Executive

			1991 BASE SALARY							1990 BONUS			
			Bonus-Paying Companies					All Companies					
1990 Sales	Count	Match	Mean	1st Q	Median	3rd Q	% Inc 90-91	Mean	% Inc 90-91	% Bonus-Eligible	% Paid Bonuses	Average 1990 Bonus	Bonus as a % of Base
Over $1B	7	3.3	$84.3	$69.0	$76.4	$93.0	3.4%	$84.7	2.9%	85.7%	100.0%	$16.4	20.4%
All Levels	**9**	**3.2**	**$83.3**	**$69.0**	**$77.5**	**$93.0**	**4.4%**	**$81.1**	**4.2%**	**80.0%**	**100.0%**	**$16.3**	**20.7%**

Controller

			1991 BASE SALARY							1990 BONUS			
			Bonus-Paying Companies					All Companies					
1990 Sales	Count	Match	Mean	1st Q	Median	3rd Q	% Inc 90-91	Mean	% Inc 90-91	% Bonus-Eligible	% Paid Bonuses	Average 1990 Bonus	Bonus as a % of Base
Under $25M	12	3.1	$59.3	$48.0	$55.0	$75.0	10.9%	$52.1	9.4%	53.8%	50.0%	$6.0	22.7%
$25M-100M	10	3.1	$56.5	$43.4	$52.5	$68.0	5.6%	$55.2	5.1%	81.8%	66.7%	$3.3	10.6%
$100M-500M	9	3.1	$74.5	$52.6	$65.0	$100.8	7.4%	$74.6	5.7%	88.9%	28.6%	$3.6	18.9%
$500M-1B	7	3	$87.5	$74.5	$80.6	$95.0	2.5%	$84.1	2.2%	85.7%	83.3%	$14.1	19.7%
Over $1B	11	3	$124.2	$100.7	$114.0	$135.0	5.6%	$120.0	5.6%	90.9%	100.0%	$34.1	28.6%
All Levels	**49**	**3.1**	**$82.8**	**$55.0**	**$74.5**	**$106.4**	**6.3%**	**$76.7**	**6.0%**	**78.4%**	**68.4%**	**$13.6**	**21.3%**

Treasurer

			1991 BASE SALARY							1990 BONUS			
			Bonus-Paying Companies					All Companies					
1990 Sales	Count	Match	Mean	1st Q	Median	3rd Q	% Inc 90-91	Mean	% Inc 90-91	% Bonus-Eligible	% Paid Bonuses	Average 1990 Bonus	Bonus as a % of Base
Under $25M	7	3.3	*	*	*	*	*	$64.0	8.0%	*	*	*	*
Over $1B	8	3.1	$114.5	$79.4	$109.9	$134.2	6.0%	$114.5	6.0%	100.0%	100.0%	$34.2	29.1%
All Levels	**21**	**3.1**	**$94.0**	**$59.6**	**$98.5**	**$112.0**	**6.4%**	**$86.6**	**5.9%**	**72.7%**	**85.7%**	**$23.0**	**26.5%**

Top Tax Executive

			1991 BASE SALARY							1990 BONUS			
			Bonus-Paying Companies					All Companies					
1990 Sales	Count	Match	Mean	1st Q	Median	3rd Q	% Inc 90-91	Mean	% Inc 90-91	% Bonus-Eligible	% Paid Bonuses	Average 1990 Bonus	Bonus as a % of Base
Over $1B	8	3	$102.3	$72.8	$94.3	$133.0	3.5%	$102.3	3.5%	100.0%	87.5%	$19.8	18.6%
All Levels	**15**	**3**	**$83.9**	**$57.2**	**$72.8**	**$100.0**	**4.6%**	**$80.9**	**4.3%**	**93.8%**	**78.6%**	**$13.9**	**17.4%**

Top General Accounting Executive

			1991 BASE SALARY							1990 BONUS			
			Bonus-Paying Companies					All Companies					
1990 Sales	Count	Match	Mean	1st Q	Median	3rd Q	% Inc 90-91	Mean	% Inc 90-91	% Bonus-Eligible	% Paid Bonuses	Average 1990 Bonus	Bonus as a % of Base
$500M-1B	5	3	*	*	*	*	*	$64.6	8.7%	*	*	*	*
Over $1B	9	2.9	$72.0	$63.9	$68.9	$78.0	5.0%	$72.0	5.0%	100.0%	87.5%	$11.4	16.1%
All Levels	17	3	$68.5	$61.0	$67.7	$76.5	6.8%	$69.7	6.5%	76.5%	75.0%	$9.6	16.6%

Top Internal Audit Executive

			1991 BASE SALARY							1990 BONUS			
			Bonus-Paying Companies					All Companies					
1990 Sales	Count	Match	Mean	1st Q	Median	3rd Q	% Inc 90-91	Mean	% Inc 90-91	% Bonus-Eligible	% Paid Bonuses	Average 1990 Bonus	Bonus as a % of Base
Over $1B	7	3	$78.8	$66.0	$72.8	$75.0	2.0%	$76.8	4.7%	85.7%	100.0%	$20.3	20.0%
All Levels	14	2.9	$71.8	$62.7	$67.9	$74.5	2.1%	$64.8	3.1%	73.3%	87.5%	$11.9	14.5%

Top Employee Relations Executive

			1991 BASE SALARY							1990 BONUS			
			Bonus-Paying Companies					All Companies					
1990 Sales	Count	Match	Mean	1st Q	Median	3rd Q	% Inc 90-91	Mean	% Inc 90-91	% Bonus-Eligible	% Paid Bonuses	Average 1990 Bonus	Bonus as a % of Base
Over $1B	7	3.1	$74.9	$59.1	$68.0	$100.0	6.8%	$74.9	6.8%	100.0%	71.4%	$14.0	24.3%
All Levels	10	3.1	$72.4	$62.0	$65.2	$72.0	6.4%	$69.5	6.2%	90.9%	77.8%	$13.1	22.0%

Top Compensation Executive

			1991 BASE SALARY							1990 BONUS			
			Bonus-Paying Companies					All Companies					
1990 Sales	Count	Match	Mean	1st Q	Median	3rd Q	% Inc 90-91	Mean	% Inc 90-91	% Bonus-Eligible	% Paid Bonuses	Average 1990 Bonus	Bonus as a % of Base
Over $1B	6	2.7	$65.1	$50.0	$66.0	$68.2	6.7%	$63.3	6.7%	83.3%	100.0%	$12.8	16.8%
All Levels	9	2.9	$62.8	$48.0	$66.0	$68.2	10.4%	$64.2	8.9%	77.8%	100.0%	$9.9	14.0%

Top Benefits Executive

			1991 BASE SALARY							1990 BONUS			
			Bonus-Paying Companies					All Companies					
1990 Sales	Count	Match	Mean	1st Q	Median	3rd Q	% Inc 90-91	Mean	% Inc 90-91	% Bonus-Eligible	% Paid Bonuses	Average 1990 Bonus	Bonus as a % of Base
Over $1B	6	2.8	$65.1	$49.4	$64.8	$68.7	6.6%	$65.1	6.6%	100.0%	100.0%	$10.7	15.4%
All Levels	10	2.8	$60.1	$49.4	$52.5	$66.5	6.3%	$58.5	5.7%	90.0%	88.9%	$7.6	12.7%

Top Training Executive

			1991 BASE SALARY							1990 BONUS			
			Bonus-Paying Companies					All Companies					
1990 Sales	Count	Match	Mean	1st Q	Median	3rd Q	% Inc 90-91	Mean	% Inc 90-91	% Bonus-Eligible	% Paid Bonuses	Average 1990 Bonus	Bonus as a % of Base
Over $1B	8	3.1	$73.5	$56.2	$75.0	$82.2	6.0%	$73.0	5.9%	87.5%	85.7%	$10.3	16.3%
All Levels	13	3.1	$69.0	$55.6	$72.0	$82.2	5.0%	$67.1	4.8%	86.7%	81.8%	$8.7	15.4%

Top Market Research Executive

			1991 BASE SALARY							1990 BONUS			
			Bonus-Paying Companies					All Companies					
1990 Sales	Count	Match	Mean	1st Q	Median	3rd Q	% Inc 90-91	Mean	% Inc 90-91	% Bonus-Eligible	% Paid Bonuses	Average 1990 Bonus	Bonus as a % of Base
All Levels	6	3	*	*	*	*	*	$77.4	5.2%	66.7%	100.0%	*	*

Top Sales Promotion Executive

			1991 BASE SALARY							1990 BONUS			
			Bonus-Paying Companies					All Companies					
1990 Sales	Count	Match	Mean	1st Q	Median	3rd Q	% Inc 90-91	Mean	% Inc 90-91	% Bonus-Eligible	% Paid Bonuses	Average 1990 Bonus	Bonus as a % of Base
All Levels	7	2.7	$54.5	$50.0	$58.7	$60.1	5.0%	$54.6	4.3%	85.7%	66.7%	*	*

Top Traffic and Transportation Executive

			1991 BASE SALARY							1990 BONUS			
			Bonus-Paying Companies					All Companies					
1990 Sales	Count	Match	Mean	1st Q	Median	3rd Q	% Inc 90-91	Mean	% Inc 90-91	% Bonus-Eligible	% Paid Bonuses	Average 1990 Bonus	Bonus as a % of Base
Over $1B	9	3.4	$71.5	$63.7	$70.0	$82.8	6.3%	$71.5	6.3%	100.0%	87.5%	$15.6	23.0%
All Levels	13	3.3	$69.6	$60.3	$67.2	$77.0	5.1%	$66.6	4.9%	92.9%	72.7%	$12.3	22.2%

Top Applications Programming Executive

			1991 BASE SALARY							1990 BONUS			
			Bonus-Paying Companies					All Companies					
1990 Sales	Count	Match	Mean	1st Q	Median	3rd Q	% Inc 90-91	Mean	% Inc 90-91	% Bonus-Eligible	% Paid Bonuses	Average 1990 Bonus	Bonus as a % of Base
Over $1B	7	3.3	$85.8	$72.5	$86.1	$90.0	4.1%	$86.7	3.5%	85.7%	66.7%	$10.3	19.9%
All Levels	12	3.3	$78.7	$70.0	$76.3	$87.1	2.9%	$79.1	2.6%	83.3%	66.7%	$8.1	16.2%

Top Software Systems Programming Executive

			1991 BASE SALARY							1990 BONUS			
			Bonus-Paying Companies					All Companies					
1990 Sales	Count	Match	Mean	1st Q	Median	3rd Q	% Inc 90-91	Mean	% Inc 90-91	% Bonus-Eligible	% Paid Bonuses	Average 1990 Bonus	Bonus as a % of Base
Over $1B	5	2.8	$69.8	$56.9	$72.6	$75.4	4.1%	$69.8	4.1%	100.0%	80.0%	$6.2	11.8%
All Levels	9	3	$67.0	$56.0	$66.5	$74.0	6.4%	$65.0	6.0%	88.9%	75.0%	$4.7	9.8%

Top Data Processing-Operations Executive

			1991 BASE SALARY							1990 BONUS			
			Bonus-Paying Companies					All Companies					
1990 Sales	Count	Match	Mean	1st Q	Median	3rd Q	% Inc 90-91	Mean	% Inc 90-91	% Bonus-Eligible	% Paid Bonuses	Average 1990 Bonus	Bonus as a % of Base
Over $1B	8	3.3	$82.2	$70.6	$80.0	$87.9	5.8%	$83.2	5.7%	87.5%	85.7%	$13.7	18.4%
All Levels	12	3.3	**$75.1**	**$69.4**	**$73.5**	**$87.5**	5.3%	**$72.6**	5.1%	83.3%	70.0%	**$10.1**	17.2%

Top Telecommunications Executive

			1991 BASE SALARY							1990 BONUS			
			Bonus-Paying Companies					All Companies					
1990 Sales	Count	Match	Mean	1st Q	Median	3rd Q	% Inc 90-91	Mean	% Inc 90-91	% Bonus-Eligible	% Paid Bonuses	Average 1990 Bonus	Bonus as a % of Base
Over $1B	5	3	$76.9	$61.7	$73.5	$83.4	5.3%	$76.9	5.3%	100.0%	100.0%	$14.0	17.9%
All Levels	7	2.9	**$70.4**	**$46.3**	**$67.1**	**$83.4**	5.6%	**$70.4**	5.6%	100.0%	100.0%	**$12.0**	15.5%

Top Financial Analysis Executive

			1991 BASE SALARY							1990 BONUS			
			Bonus-Paying Companies					All Companies					
1990 Sales	Count	Match	Mean	1st Q	Median	3rd Q	% Inc 90-91	Mean	% Inc 90-91	% Bonus-Eligible	% Paid Bonuses	Average 1990 Bonus	Bonus as a % of Base
Over $1B	6	2.8	$62.8	$52.8	$66.3	$68.9	3.5%	$62.8	3.5%	100.0%	83.3%	$10.2	18.1%
All Levels	7	2.9	**$61.9**	**$52.8**	**$65.0**	**$68.9**	3.7%	**$61.9**	3.7%	100.0%	85.7%	**$9.0**	15.7%

Top Budget Executive

			1991 BASE SALARY							1990 BONUS			
			Bonus-Paying Companies					All Companies					
1990 Sales	Count	Match	Mean	1st Q	Median	3rd Q	% Inc 90-91	Mean	% Inc 90-91	% Bonus-Eligible	% Paid Bonuses	Average 1990 Bonus	Bonus as a % of Base
All Levels	7	3.1	**$67.4**	**$61.8**	**$63.8**	**$80.0**	6.6%	**$61.1**	5.6%	85.7%	66.7%	*	*

Top Credit and Collection Executive

			1991 BASE SALARY							1990 BONUS			
			Bonus-Paying Companies					All Companies					
1990 Sales	Count	Match	Mean	1st Q	Median	3rd Q	% Inc 90-91	Mean	% Inc 90-91	% Bonus-Eligible	% Paid Bonuses	Average 1990 Bonus	Bonus as a % of Base
Over $1B	5	2.8	$85.7	$75.2	$91.7	$95.0	2.1%	$85.7	2.1%	100.0%	100.0%	$23.4	28.0%
All Levels	8	2.6	**$79.8**	**$66.8**	**$83.5**	**$95.0**	2.6%	**$73.3**	2.3%	**75.0%**	**100.0%**	**$18.9**	**22.8%**

Top Corporate Risk Management Executive

			1991 BASE SALARY							1990 BONUS			
			Bonus-Paying Companies					All Companies					
1990 Sales	Count	Match	Mean	1st Q	Median	3rd Q	% Inc 90-91	Mean	% Inc 90-91	% Bonus-Eligible	% Paid Bonuses	Average 1990 Bonus	Bonus as a % of Base
All Levels	5	3	*	*	*	*	*	$72.0	4.6%	83.3%	60.0%	*	*

Top Cash Management Executive

			1991 BASE SALARY							1990 BONUS			
			Bonus-Paying Companies					All Companies					
1990 Sales	Count	Match	Mean	1st Q	Median	3rd Q	% Inc 90-91	Mean	% Inc 90-91	% Bonus-Eligible	% Paid Bonuses	Average 1990 Bonus	Bonus as a % of Base
All Levels	5	2.8	$57.1	$50.0	$60.1	$66.2	6.3%	$57.1	6.3%	100.0%	100.0%	$8.6	14.8%

Top Merchandising Executive

			1991 BASE SALARY							1990 BONUS			
			Bonus-Paying Companies					All Companies					
1990 Sales	Count	Match	Mean	1st Q	Median	3rd Q	% Inc 90-91	Mean	% Inc 90-91	% Bonus-Eligible	% Paid Bonuses	Average 1990 Bonus	Bonus as a % of Base
$100M-500M	5	3	*	*	*	*	*	$121.6	9.9%	*	*	*	*
$500M-1B	*	*	*	*	*	*	*	*	*	*	*	*	*
Over $1B	9	3.3	$165.8	$130.0	$160.0	$200.0	8.7%	$165.8	8.7%	100.0%	100.0%	$61.4	39.8%
All Levels	22	3.1	**$152.1**	**$110.5**	**$143.2**	**$190.5**	6.6%	**$142.0**	7.8%	**86.4%**	**82.4%**	**$40.6**	**34.3%**

Top Store Operations Executive

			1991 BASE SALARY							1990 BONUS			
			Bonus-Paying Companies					All Companies					
1990 Sales	Count	Match	Mean	1st Q	Median	3rd Q	% Inc 90-91	Mean	% Inc 90-91	% Bonus-Eligible	% Paid Bonuses	Average 1990 Bonus	Bonus as a % of Base
$100M-500M	5	3	*	*	*	*	*	$126.3	0.5%	*	*	*	*
$500M-1B	7	3.3	$158.7	$112.9	$142.0	$215.0	3.9%	$159.1	3.4%	85.7%	100.0%	$42.5	28.3%
Over $1B	5	3	$176.5	$121.0	$187.9	$225.0	13.0%	$176.5	13.0%	100.0%	66.7%	$38.3	38.9%
All Levels	21	3.2	**$150.7**	**$112.5**	**$145.0**	**$187.9**	5.6%	**$144.7**	4.6%	**81.8%**	**66.7%**	**$32.5**	**34.0%**

Top Visual Merchandising Executive

			1991 BASE SALARY							1990 BONUS			
			Bonus-Paying Companies					All Companies					
1990 Sales	Count	Match	Mean	1st Q	Median	3rd Q	% Inc 90-91	Mean	% Inc 90-91	% Bonus-Eligible	% Paid Bonuses	Average 1990 Bonus	Bonus as a % of Base
Over $1B	5	3	$80.9	$63.8	$89.0	$90.4	3.4%	$80.9	3.4%	100.0%	100.0%	$17.6	20.1%
All Levels	10	2.9	$79.3	$58.2	$76.4	$96.9	2.9%	$70.3	2.6%	80.0%	85.7%	$12.2	16.8%

Top Store Planning and Fixturing Executive

			1991 BASE SALARY							1990 BONUS			
			Bonus-Paying Companies					All Companies					
1990 Sales	Count	Match	Mean	1st Q	Median	3rd Q	% Inc 90-91	Mean	% Inc 90-91	% Bonus-Eligible	% Paid Bonuses	Average 1990 Bonus	Bonus as a % of Base
All Levels	12	3.2	$66.9	$54.0	$65.9	$77.9	4.1%	$66.9	3.0%	76.9%	66.7%	$5.7	13.3%

Top Distribution and Warehousing Executive

			1991 BASE SALARY							1990 BONUS			
			Bonus-Paying Companies					All Companies					
1990 Sales	Count	Match	Mean	1st Q	Median	3rd Q	% Inc 90-91	Mean	% Inc 90-91	% Bonus-Eligible	% Paid Bonuses	Average 1990 Bonus	Bonus as a % of Base
$500M-1B	7	3	$84.3	$67.5	$77.1	$95.5	3.3%	$83.1	2.9%	85.7%	100.0%	$14.9	20.6%
Over $1B	9	3.1	$104.3	$89.0	$100.0	$117.5	8.9%	$104.3	8.9%	100.0%	100.0%	$28.8	31.0%
All Levels	19	3.1	$93.4	$84.0	$89.0	$112.5	5.9%	$90.0	5.4%	89.5%	88.2%	$20.5	26.9%

Top Security and Loss Prevention Executive

			1991 BASE SALARY							1990 BONUS			
			Bonus-Paying Companies					All Companies					
1990 Sales	Count	Match	Mean	1st Q	Median	3rd Q	% Inc 90-91	Mean	% Inc 90-91	% Bonus-Eligible	% Paid Bonuses	Average 1990 Bonus	Bonus as a % of Base
$500M-1B	5	2.8	*	*	*	*	*	$84.4	3.4%	*	*	*	*
Over $1B	7	3.3	$87.1	$64.6	$80.6	$112.0	5.2%	$84.7	4.4%	85.7%	83.3%	$15.7	21.5%
All Levels	18	3	$80.9	$63.0	$70.3	$92.1	4.5%	$73.7	3.9%	77.8%	78.6%	$11.7	18.6%

SCOPE AND METHODOLOGY

The information for this study was collected by survey questionnaire in the spring of 1991 in conjunction with Ernst & Young's 1991 Executive Compensation Survey of 23 industries[1]. In total, 86 retail companies responded, providing compensation information for approximately 850 executives in 40 positions.

Participants were asked to provide base salary data for each executive for the calendar years 1989, 1990, and 1991. Bonus information was obtained for 1989 and 1990. Base salary data reported for 1989 and 1990 reflect levels in effect as of December 31 of each year. Salary data for 1991 reflect annualized salaries as of April 1, 1991. Bonus amounts submitted for the years 1989 and 1990 represent amounts earned in those years, regardless of whether those amounts were deferred in whole or in part.

Data are reported for the CEO, top executives, financial executives, human resources executives, MIS executives and marketing and store operations executives. If sufficient data were not available for a given position, that information or table was omitted from this report.

Wherever the term total compensation is used in this report, it refers to the sum of an executive's annual base salary plus bonus. Bonus refers to an annual cash payment that is based on individual and/or corporate performance for the prior fiscal year. Bonuses reflect amounts actually earned in a given year, whether or not these amounts were deferred wholly or in part.

The term bonus-eligible refers to an executive's participation in a formal or informal bonus program in which the potential exists to earn an annual cash award. An executive was considered to be from a bonus-paying company if the individual was bonus-eligible in 1990 and "bonus-eligible" was checked off on the survey questionnaire. The term percentage bonus-eligible refers to the percentage of executives eligible to receive a bonus for 1990 performance, regardless of whether a bonus was actually paid.

Percentage increase in compensation was calculated based on data reported for executives in either bonus or nonbonus companies as described above. However, executives who received bonuses for 1990, but did not receive bonuses for 1989, were not included when calculating the percentage change in bonus payments. This was done in order to avoid distorting the overall change.

The term "all companies" refers to compensation data reported for executives in both bonus and nonbonus companies as described above. The term "match" in the compensation tables reflects the degree to which participating companies' positions matched the descriptions in the following appendix. The degree of match was indicated on a scale of 1-5, with 3 being a perfect match, one represents significantly less responsibility, 5 significantly more.

[1] Ernst & Young's 1991 Executive Compensation Survey includes salary and bonus information for a total of over 10,000 executives in 68 positions from over 1,100 companies.

EXECUTIVE POSITIONS AND DESCRIPTIONS

For purposes of the study, the executive positions were divided into six categories as follows:

TOP EXECUTIVE GROUP

Chief Executive Officer

The executive with final responsibility to the board of directors and shareholders for the organization's current profitability and long-range growth. In some instances, the chief executive officer may hold the title of "chairman," and in others, "president."

Chief Operating Officer

The executive responsible for coordinating and directing the activities of the corporation in accordance with the policies and objectives established by the directors. Specific functions usually include assisting in the development of policies regarding all corporate functions; directing management in conducting all business activities, including short- and long-term planning, financial areas, production, marketing, and personnel; establishing policies to ensure adequate management development; establishing controls to maintain adequate communication and information flows; regularly evaluating the results of overall operations; ensuring that all corporate activities are carried out in accordance with government laws and regulations; and directing growth and acquisition activities.

Top Distribution and Warehousing Executive

The executive responsible for directing and controlling warehouse activities. Duties typically include ensuring the efficient and economical utilization of facilities for storing and distributing raw material and finished goods inventories; directing the flow of goods from the warehouse to the store locations; and establishing inventory control procedures.

Top Financial Officer

The principal executive responsible for the organization's financial plans and policies, its accounting practices, and the conduct of its relationships with lending institutions, shareholders, and the financial community. Duties usually include executive direction over treasury, budgeting, audit, tax, real estate and insurance activities, and the development of accounting and statistical data for internal control.

Top Human Resources Executive

The executive responsible for developing and administering employment and personnel policies. Specific functions usually include setting and managing hiring procedures and compensation policies; dealing with unions and employee groups in the area of labor relations; designing and monitoring training and development programs, career planning services, safety and health regulations, and employee benefits and services; directing various activities designed to maintain a high level of employee morale; and keeping abreast of government laws and regulations such as OSHA, ERISA, and EEO, as well as formulating policies consistent with these rules.

Top Legal Executive

The executive responsible for directing the company's legal activities in a manner that protects its legal interests. Specific functions usually include counseling all company executives on the legal aspects of their functional areas; providing counsel to company personnel on corporate matters involving legal documents (e.g., contracts, mergers, or leases); handling the registration and protection of patents and trademarks; defending the company in any legal action taken against it and initiating legal action against aggressors; and reviewing the legal aspects of pricing and sales promotion programs.

Top Marketing and Sales Executive

The executive responsible for planning, directing, and coordinating the efforts of marketing and sales personnel toward the accomplishment of corporate objectives. Typical duties include developing objectives, policies, and programs for the marketing activities of the corporation; maintaining and constantly improving the corporation's competitive position; ensuring maximum sales volume at minimum cost; and supplying advice and assistance to the chief executive officer and other company operating units in the field of sales activity.

Top Merchandising Executive

The executive responsible for directing the buying/merchandising (sometimes sales promotion) activities of the corporation. Duties may include supervising buying and sales; and overseeing the work of general merchandise staff in their various commodity lines.

Top Real Estate Executive

The executive responsible for assisting staff and divisions regarding plant locations, site acquisition, space leasing, and other functions relating to land acquisition. Duties typically involve planning, directing and controlling the operations of real estate activities for the company to ensure maximum return and profitability.

Top Security and Loss-Prevention Executive

The executive responsible for developing and implementing the company's entire loss-prevention program. Duties typically include ensuring compliance with loss-prevention procedures by field offices through scheduled audits by home office personnel; updating loss-prevention personnel in the field offices regarding trends, new requirements, and other changes in procedure; supervising the administration of the home office prevention department; directing the selecting, training, development, promotion, transfer and termination of loss-prevention personnel; and investigating and reporting on possible violations of company policy or business and professional ethics.

Top Store Operations Executive

The executive responsible for the operation and profitability of the retail stores. Duties typically include controlling operating costs; implementing merchandising programs; supervising store management; and supervising all other store-related activities except buying.

Top Store Planning and Fixturing Executive

The executive responsible for directing and coordinating plans for stores and fixturings. Duties may include budgeting; estimating; purchasing furniture and fixtures; and coordinating these activities through architects, designers and consultants.

Top Systems and Data Processing Executive

The executive responsible for supervising the organization's EDP systems and programming activities, such as designing systems, programming, and operating computer equipment. Specific functions usually include planning, coordinating, and supervising feasibility studies for EDP applications; designing and implementing appropriate EDP systems; developing long- and short-range plans and schedules for the acquisition and installation of equipment; planning and coordinating feasibility studies, such as the economic evaluation of proposed and existing EDP equipment; supervising the establishment of programming standards and methods throughout the company; and directing the operation of computers and peripheral equipment to ensure low-cost operation and effective utilization of personnel and equipment.

Top Visual Merchandising Executive

The executive responsible for creating, interpreting, and coordinating all visual media in merchandise presentations through the optimum use of unique display and signing methods and materials. Duties typically include supervising the coordination of store-wide promotions for the departmental areas and windows, and directing the activities of the sign shop.

FINANCIAL EXECUTIVES

Controller

The executive immediately responsible for the organization's accounting practices, for the maintenance of its fiscal records, and for the preparation of its financial reports. Typically, duties involve supervising general accounting, property accounting, internal auditing, cost accounting, and budget. (Duties may include the data processing functions.) The controller is also responsible for the development, analysis, and interpretation of statistical and accounting information in order to appraise operating results in terms of profitability, performance against budget (and other standards), and capital expenditures. The controller also handles other matters bearing on the fiscal soundness and operating effectiveness of the organization. (If the controller has chief corporate financial responsibility, the position is reported as the "top financial officer.")

Top Budget Executive

The executive responsible for developing and administering budgetary control systems, for preparing operation and capital budgets, and for monitoring, analyzing, and interpreting actual budgetary performance results. Duties usually involve preparing basic forecasts and other budgeting guidelines; participating in the development of income projections; assisting departments

in establishing expense plans; and preparing various control and statistical reports to provide a basis for management planning, operating controls, and performance appraisal.

Top Cash Management Executive

The executive responsible for cash balances, day-to-day relationships with banks, supervision of cashiering activities, and other related activities such as loans, short-term investments, capital stock matters, and disbursements. Typical duties include allocating cash balances; representing the firm in day-to-day relations with banks and financial institutions; preparing cash forecasts, budgets, and short-term requirements; administering short-term loans; and supervising payroll activities.

Top Corporate Risk Management Executive

The executive directly responsible for developing and administering the organization's risk management and loss-prevention programs. Specific functions usually include determining risks of loss to which the company's assets are exposed; analyzing such risks for purpose of elimination or minimization; negotiating company insurance programs; negotiating adjustments of insured and uninsured losses with insurers and company personnel; administering the underwriting functions of self-insurance programs; and coordinating commercial insurance and self-insurance programs.

Top Credit and Collection Executive

The executive responsible for recommending credit policies and for establishing procedures to appraise credit risks, identify past-due accounts, and collect funds due to the company. Specific functions usually include determining the amount of credit to be extended; recommending the working capital required to support accounts receivable; supervising adjustments in customer claims; settling accounts on the company's behalf within policy limits; participating in investment review and in special studies of economic conditions in particular industries; and indoctrinating salespeople in company credit policies and practices.

Top Financial Analysis Executive

The executive responsible for the evaluation of current and proposed financial plans, policies, and recommendations of change which will accrue to the company's profitability.

Top General Accounting Executive

The executive primarily responsible for the organization's general accounting functions and for the preparation of reports and statistics reflecting earnings, profits, cash balances, and other financial results. Duties involve supervising general ledger maintenance, and may include responsibility for accounts payable and other subsidiary ledgers. Other typical duties are assisting in the development of organization-wide accounting policies and procedures; reviewing financial and operating statements of subsidiaries; consolidating statements; providing functional supervision of branch and/or general plant accounting; and conducting special accounting analyses and studies.

Top Internal Audit Executive

The executive responsible for independent appraisal, measurement and evaluation of accounting, fiscal and managerial controls, as well as for compliance with corporate policies. Duties typically involve recommending auditing methods; directing reviews of accounting procedures; confirming accounts; verifying units; investigating irregularities and errors; and advising on opportunities for improvement in the control system. This executive may also examine tax returns and supervise the compliance of company accounting with government regulations concerning government contracts.

Top Tax Executive

The executive primarily responsible for preparing tax returns and related reports to ensure compliance with all federal, state, and local tax statutes and regulations, as well as for minimizing tax liability by informally applying tax laws and regulations that permit alternative treatment of taxable items. Specific functions commonly include maintaining tax records; acting as liaison and negotiator with tax authorities; preparing special reports concerning the tax consequences of programs or projects; and assisting in establishing depreciation rates and planning inventory levels in relation to tax matters.

Treasurer

The executive immediately responsible for conducting corporate treasury activities, which include care and custody of funds and other financial assets; supervision of banking operations; and determination of the amount and sources of funds required to meet outstanding and planned commitments. The position usually entails maintaining banking relations; arranging for lines of credit; controlling deposit levels and bank selection; overseeing contracts with government authorities concerning tax obligations; and handling insurance functions. Duties may also include preparation of economic or financial analyses that bear on operating plans and policies. (If the treasurer has chief corporate financial responsibility, the position is reported as "top financial officer.")

HUMAN RESOURCE EXECUTIVES

Top Benefits Executive

The executive responsible for the overall direction of the planning and administration of company benefit programs. Duties typically include developing, installing and maintaining competitive and equitable benefit programs for employees; and directing the design of the executive benefit program, as well as other direct benefit programs.

Top Compensation and Benefits Executive

The executive responsible for the overall direction of the planning and administration of company compensation and benefit programs. Duties typically include developing, installing and maintaining competitive and equitable compensation and benefit programs for employees; and directing the design of the executive compensation and benefit programs, as well as other direct compensation and benefit programs.

Top Compensation Executive

The executive responsible for the overall direction of the planning and administration of company compensation programs. Duties typically include developing, installing and maintaining competitive and equitable compensation programs for employees; and directing the design of the executive compensation program, as well as other direct compensation programs.

Top Employee Relations Executive

The executive responsible for establishing, administering, and coordinating company-sponsored employee services and activities. Duties typically include ensuring adherence to applicable statutes and company policies concerning wages, hours, and working conditions; in a union environment, supervising contract negotiations in the unit or subordinate units; advising subordinate units on labor relations matters such as union-organizing drives, contract preparations, negotiations, and settlements; and participating in or advising on grievances and arbitrations.

Top Training Executive

The executive responsible for providing an adequate and continual flow of qualified personnel to fill the employment requirements of the company. Duties typically include identifying training needs, and subsequently developing, administering and coordinating management inventory, appraisal, training, placement, counseling and related programs.

MIS AND SYSTEMS EXECUTIVES

Top Applications Programming Executive

The executive responsible for planning, directing and controlling the development, installation and maintenance of computer business and scientific applications programs. Duties typically include developing and establishing standards and procedures, and coordinating the work of the programming staff.

Top Data Processing Executive

The executive responsible for planning, directing and controlling the activities of data processing operations, exclusive of the systems and programming functions. Duties typically include developing and establishing departmental standards and procedures; consulting with other sections on the proper integration and correlation of the function assigned; and reviewing and evaluating activity and progress reports of the data processing operations section.

Top Software Systems Programming Executive

The executive responsible for planning, directing and controlling the development and maintenance of computer software programs and systems. Duties typically include developing and establishing departmental standards and procedures; monitoring, directing and coordinating staff efforts, both internally and in support of the applications programming staff; evaluating current and projected hardware and software; and coordinating and directing the installation of new operating systems.

Top Telecommunications Executive

The executive responsible for directing and controlling the activities of the telecommunications function such as the plan, design, installation and maintenance of networks in support of data processing systems. Duties typically involve directing the budgeting and long-range planning of telecommunications systems and projects, including various word processing and facsimile equipment systems; consulting with the data processing department to coordinate telecommunications systems capabilities; and reviewing and evaluating activity and progress reports of the telecommunications function.

MARKETING AND STORE OPERATIONS EXECUTIVES

Top Advertising Executive

The executive responsible for directing the creation and placement of all advertising to aid the company in reaching its sales and profitability objectives. Duties typically include initiating, developing and coordinating effective advertising and promotion programs; and utilizing all media to publicize the company's products and/or services.

Top Market Research Executive

The executive responsible for the planning and execution of market analysis and consumer research studies, territorial analysis and other types of economic studies, such as those of sales records and trend research for use in the prediction of market conditions.

Top Marketing Executive

The executive responsible for marketing the company's products and services in compliance with such corporate objectives as maximizing sales volume, profitability, and market share. Specific functions usually include developing short- and long-term marketing strategies; developing pricing strategies; using market research to identify and capitalize on market opportunities; evaluating market reactions to advertising, merchandising procedures, and packaging; and adjusting marketing strategies to reflect changing conditions.

Top Public Relations Executive

The executive responsible for the administration of policies covering the broad field of public relations activities, including public, employee, and stockholder information. Duties typically include developing and administering a public relations program designed to effect and improve understanding by the public and the employees of the corporation's objectives and achievements.

Top Sales Executive

The executive responsible for planning and controlling the activities of sales personnel and maintaining maximum sales volume for the company's products and services. Typical duties include developing pricing, distribution, and other policies to ensure the most efficient and effective operation of sales activities; directing the activities of sales personnel, such as customer communications, order taking, participation in trade conventions, and new business development activities; ensuring adequate training of and communications with sales personnel; directing sales personnel in the preparation of long- and short-range sales forecasts; developing sales programs and appraising their results against planned objectives; and approving the expense budgets for sales personnel.

Top Sales Promotion Executive

The executive responsible for formulating and executing sales promotion policies and programs in order to facilitate and maximize the effectiveness of the company's sales efforts. Duties typically include analyzing the competitive position of the company's products, evaluating sales methods, and preparing sales promotion materials.

Top Traffic and Transportation Executive

The executive responsible for ensuring an integrated distribution system. Duties typically include planning, directing, organizing and controlling overall traffic and transportation plans for the company, and providing overall guidance on company transportation policies.

ACKNOWLEDGEMENTS

Ernst & Young is the world's leading integrated professional services firm serving the retail industry. Nationwide, Ernst & Young serves more than 1,000 retail companies in various segments of retailing. Service areas include:

- Compensation and benefits: From design of sales associate compensation and benefits packages to complex senior management programs.
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- Financial restructuring: From merger and acquisition planning to reorganization and workout assistance.
- Accounting, auditing and tax: From evaluating the tax ramifications of doing business abroad to advising retailers on broad accounting and tax issues.

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BUSINESS RISKS INTERNATIONAL (BRI), a worldwide professional services firm specializing in security consulting, investigations and loss prevention, announces the formation of its Human Resources Group.

The new group combines Stanton Corporation, a BRI company since 1988, the Alertline division and the new IntelliView division. The group's national headquarters is located at 6100 Fairview Road, Ste 900, Charlotte, NC 28210.

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Chain Store Age Executive is the leading publication serving retail headquarters management. A monthly newsmagazine, *Chain Store Age Executive* reports and analyzes trends and strategies in the following areas:

- Corporate strategies
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- Store Design/Visual Merchandising
- Store Construction
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- Human Resources
- Logistics/Distribution
- Shopping Center Development

Chain Store Age Executive has been published since 1925. Its readers include chain headquarters decision makers from department stores, discount stores, specialty stores, supermarkets, convenience stores, variety stores, general merchandise stores, drug stores, home centers, and hardware chains and non-store retailers as well as shopping center owners and developers.

For more information on *Chain Store Age Executive*, contact John S. Rapuzzi, Vice President/Publisher, 425 Park Avenue, New York, N.Y. 10022, 212 756-[illegible]3.